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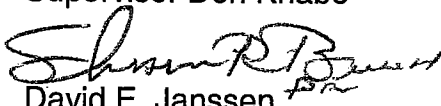
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Fifth District

July 19, 2001

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: 
David E. Janssen
Chief Administrative Officer

**MOTION TO SEND LETTERS OPPOSING H.R. 1191, COMMUNITY DEVELOPMENT
BLOCK GRANT RENEWAL ACT (ITEM NO. 16, AGENDA OF JULY 24, 2001)**

Item Number 16 on the July 24, 2001 Agenda is a motion by Supervisor Burke that the Board of Supervisors send five-signature letters opposing H.R. 1191 (Meek, D-FL), the Community Development Block Grant (CDBG) Renewal Act, to the County's Congressional delegation, Representative Meek and the bill's cosponsors, and the House Financial Services Committee.

H.R. 1191 would direct more CDBG funds to low and moderate income persons by increasing the amount of CDBG funds which must benefit such persons from the current minimum of 70 percent to 80 percent over three years. In addition, at least 40 percent of that amount must benefit persons with incomes at or below 52 percent of the area's median income. The bill further only counts activities as benefitting low and moderate income persons if they are undertaken in areas which are primarily "residential in character." It also requires the use of "proportionate accounting" in determining whether the 80 percent targeting requirement is met. CDBG funds would be considered to benefit low and moderate income persons in the same proportion as the proportion of low and moderate persons in the area's population.

Supervisor Burke's motion would oppose H.R. 1191 because it would limit local flexibility over the use of CDBG funds in meeting locally determined needs and priorities. The County's Community Development Commission (CDC), which administers the County's CDBG funds, the National Association of Counties, the National Association of Housing and Redevelopment Officials, and the National Community Development Association oppose the bill for the same reasons.

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According to CDC staff, the County currently uses over 90 percent of its CDBG funds to benefit low and moderate income persons, based on the current methodology for determining whether a CDBG-funded activity benefits such persons. The County, however, may not meet the new 80 percent targeting requirement under the bill's methodology which counts activities only in areas which are primarily residential in character, and which also requires proportionate accounting. Not counting CDBG expenditures in commercial areas adjacent to residential neighborhoods could prevent the County from undertaking projects that benefit low and moderate income residents.

Opposition to H.R. 1191 would be consistent with one of the overall principles in the Federal Agenda, adopted by your Board on February 6, 2001, which supports "proposals which would provide local governments with greater decision-making authority over the use of Federal funds, and which provide for direct grants or mandatory pass-through allocations to large urban counties. CDBG is the only major Federal block grant program which provides direct grants to large urban counties with broad flexibility over the use of funds. The bill would reduce, not increase, local decision-making authority. In addition, the current flexibility within the program allows jurisdictions to more stringently target low and moderate income persons where local needs dictate.

H.R. 1191, which was introduced on March 22, 2001, has 55 cosponsors. The bill was referred to the House Financial Services Committee, which has not yet scheduled any action on the bill.

DEJ:GK
MT:md

c: Executive Officer, Board of Supervisors
County Counsel
Director, Community Development Commission
Legislative Strategist